

SEC. 3. TAXPAYER NOTIFICATION OF SUSPECTED IDENTITY THEFT.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

“SEC. 7529. NOTIFICATION OF SUSPECTED IDENTITY THEFT.

“If, in the course of an investigation under section 7206 (relating to fraud and false statements) or 7207 (relating to fraudulent returns, statements, or other documents), the Secretary determines that there was or may have been an unauthorized use of the identity of the taxpayer or dependents, the Secretary shall—

“(1) as soon as practicable and without jeopardizing such investigation, notify the taxpayer of such determination, and

“(2) if any person is criminally charged by indictment or information under either of such sections, notify such taxpayer as soon as practicable of such charge.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by adding at the end the following new item:

“Sec. 7529. Notification of suspected identity theft.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to determinations made after the date of the enactment of this Act.

SEC. 4. EXTENSION OF TIME FOR RETURN OF PROPERTY FOR WRONGFUL LEVY.

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 (relating to return of property) is amended by striking “9 months” and inserting “2 years”.

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 (relating to suits by persons other than taxpayers) is amended—

(1) in paragraph (1) by striking “9 months” and inserting “2 years”, and

(2) in paragraph (2) by striking “9-month” and inserting “2-year”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

SEC. 5. INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC., ON INDIVIDUAL RETIREMENT PLAN.

(a) IN GENERAL.—Section 6343 (relating to authority to release levy and return property) is amended by adding at the end the following new subsection:

“(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC. ON INDIVIDUAL RETIREMENT PLAN.—

“(1) IN GENERAL.—If the Secretary determines that an individual retirement plan has been levied upon in a case to which subsection (b) or (d)(2)(A) applies, an amount equal to the sum of—

“(A) the amount of money returned by the Secretary on account of such levy, and

“(B) interest paid under subsection (c) on such amount of money,

may be deposited into such individual retirement plan or any other individual retirement plan (other than an endowment contract) to which a rollover from the plan levied upon is permitted.

“(2) TREATMENT AS ROLLOVER.—If amounts are deposited into an individual retirement plan under paragraph (1) not later than the 60th day after the date on which the individual receives the amounts under paragraph (1)—

“(A) such deposit shall be treated as a rollover described in section 408(d)(3)(A)(i),

“(B) to the extent the deposit includes interest paid under subsection (c), such interest shall not be includible in gross income, and

“(C) such deposit shall not be taken into account under section 408(d)(3)(B).

For purposes of subparagraph (B), an amount shall be treated as interest only to the extent that the amount deposited exceeds the amount of the levy.

“(3) REFUND, ETC., OF INCOME TAX ON LEVY.—If any amount is includible in gross income for a taxable year by reason of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year.

“(4) INTEREST.—Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement plan.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 after the date of the enactment of this Act.

SEC. 6. CLARIFICATION OF IRS UNCLAIMED REFUND AUTHORITY.

Section 6103(m)(1) (relating to tax refunds) is amended by inserting “, and through any other means of mass communication,” after “media”.

SEC. 7. PROHIBITION ON IRS DEBT INDICATORS FOR PREDATORY REFUND ANTICIPATION LOANS.

(a) IN GENERAL.—Subsection (f) of section 6011 (relating to promotion of electronic filing) is amended by adding at the end the following new paragraph:

“(3) PROHIBITION ON IRS DEBT INDICATORS FOR PREDATORY REFUND ANTICIPATION LOANS.—

“(A) IN GENERAL.—In carrying out any program under this subsection, the Secretary shall not provide a debt indicator to any person with respect to any refund anticipation loan if the Secretary determines that the business practices of such person involve refund anticipation loans and related charges and fees that are predatory.

“(B) REFUND ANTICIPATION LOAN.—For purposes of this paragraph, the term ‘refund anticipation loan’ means a loan of money or of any other thing of value to a taxpayer secured by the taxpayer’s anticipated receipt of a Federal tax refund.

“(C) IRS DEBT INDICATOR.—For purposes of this paragraph, the term ‘debt indicator’ means a notification provided through a tax return’s acknowledgment file that a refund will be offset to repay debts for delinquent Federal or State taxes, student loans, child support, or other Federal agency debt.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to determinations after the date of the enactment of this Act.

SEC. 8. PROHIBITION ON MISUSE OF DEPARTMENT OF THE TREASURY NAMES AND SYMBOLS.

(a) IN GENERAL.—Subsection (a) of section 333 of title 31, United States Code, is amended by inserting “internet domain address,” after “solicitation,” both places it appears.

(b) PENALTY FOR MISUSE BY ELECTRONIC MEANS.—Subsections (c)(2) and (d)(1) of section 333 of such Code are each amended by inserting “or any other mass communications by electronic means,” after “telecast,”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations occurring after the date of the enactment of this Act.

SEC. 9. EITC OUTREACH.

(a) IN GENERAL.—Section 32 (relating to earned income) is amended by adding at the end the following new subsection:

“(n) NOTIFICATION OF POTENTIAL ELIGIBILITY FOR CREDIT AND REFUND.—

“(1) IN GENERAL.—To the extent possible and on an annual basis, the Secretary shall provide to each taxpayer who—

“(A) for any preceding taxable year for which credit or refund is not precluded by section 6511, and

“(B) did not claim the credit under subsection (a) but may be allowed such credit for any such taxable year based on return or return information (as defined in section 6103(b)) available to the Secretary,

notice that such taxpayer may be eligible to claim such credit and a refund for such taxable year.

“(2) NOTICE.—Notice provided under paragraph (1) shall be in writing and sent to the last known address of the taxpayer.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 10. MODIFICATION OF RULES PERTAINING TO FIRPTA NONFOREIGN AFFIDAVITS.

(a) IN GENERAL.—Subsection (b) of section 1445 (relating to exemptions) is amended by adding at the end the following:

“(9) ALTERNATIVE PROCEDURE FOR FURNISHING NONFOREIGN AFFIDAVIT.—For purposes of paragraphs (2) and (7)—

“(A) IN GENERAL.—Paragraph (2) shall be treated as applying to a transaction if, in connection with a disposition of a United States real property interest—

“(i) the affidavit specified in paragraph (2) is furnished to a qualified substitute, and

“(ii) the qualified substitute furnishes a statement to the transferee stating, under penalty of perjury, that the qualified substitute has such affidavit in his possession.

“(B) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this paragraph.”.

(b) QUALIFIED SUBSTITUTE.—Subsection (f) of section 1445 (relating to definitions) is amended by adding at the end the following new paragraph:

“(6) QUALIFIED SUBSTITUTE.—The term ‘qualified substitute’ means, with respect to a disposition of a United States real property interest—

“(A) the person (including any attorney or title company) responsible for closing the transaction, other than the transferor’s agent, and

“(B) the transferee’s agent.”.

(c) EXEMPTION NOT TO APPLY IF KNOWLEDGE OR NOTICE THAT AFFIDAVIT OR STATEMENT IS FALSE.—

(1) IN GENERAL.—Paragraph (7) of section 1445(b) (relating to special rules for paragraphs (2) and (3)) is amended to read as follows:

“(7) SPECIAL RULES FOR PARAGRAPHS (2), (3), AND (9).—Paragraph (2), (3), or (9) (as the case may be) shall not apply to any disposition—

“(A) if—

“(i) the transferee or qualified substitute has actual knowledge that the affidavit referred to in such paragraph, or the statement referred to in paragraph (9)(A)(ii), is false, or

“(ii) the transferee or qualified substitute receives a notice (as described in subsection (d)) from a transferor’s agent, transferee’s agent, or qualified substitute that such affidavit or statement is false, or

“(B) if the Secretary by regulations requires the transferee or qualified substitute